

Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 TRSE-00 FRB-03 SCS-03 L-02

CIAE-00 INR-07 NSAE-00 /035 R

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R 192349Z MAY 75

FM SECSTATE WASHDC

TO AMEMBASSY WARSAW

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E.O. 11652:N/A

TAGS:EFIN

SUBJECT:PL 480/ANNUITY NEGOTIATIONS

1. FOLLOWING IS TEXT OF AGREED NOTIFICATION TO US-ANNUITANTS:

2. QUOTE: THE UNITED STATES AND POLAND HAVE RECENTLY COMPLETED DISCUSSIONS REGARDING THE 1968 US-POLISH ANNUITY AGREEMENT UNDER WHICH US ANNUITANTS RESIDENT IN POLAND PRESENTLY RECEIVE ZLOTYS AT A RELATIONSHIP OF 60:1 FOR 80 PERCENT OF THE TOTAL DOLLAR VALUE OF THEIR OVERSTAMPED CHECKS, AND THE 20 PERCENT BALANCE IN PKO COUPONS. SINCE 1968 THESE ZLOTY FUNDS HAVE BEEN PROVIDED OUT OF THE UNITED STATES PL 480 ZLOTY CURRENCY ACCOUNTS IN POLAND. DUE TO THE MORE RAPID USE OF THESE ZLOTYS IT IS IMPOSSIBLE FOR THE US GOVERNMENT TO CONTINUE TO FINANCE THE 60:1 ARRANGEMENT. THE US GOVERNMENT HAS ALSO TAKEN INTO ACCOUNT THAT, AS OF JANUARY 1, 1975, A NEW PKO RELATIONSHIP OF 33:1 HAS BEEN ESTABLISHED IN POLAND.

3. BEGINNING JULY 1, 1975, THIS 1968 ANNUITY AGREEMENT WILL BE TERMINATED AND THE US GOVERNMENT WILL RETURN TO LIMITED OFFICIAL USE

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DIRECT DOLLAR CHECK PAYMENTS TO US ANNUITANTS. WE HAVE

BEEN ADVISED BY THE GOVERNMENT OF POLAND THAT, UNDER POLISH REGULATIONS, SUCH CHECKS SHOULD BE CASHED IN POLAND. THE GOVERNMENT OF POLAND HAS AGREED TO EXCHANGE THESE CHECKS

FOR ZLOTYS IN POLAND AT A RATE NO LESS FAVORABLE THAN THAT ACCORDED ANY ANNUITANTS FROM THIRD COUNTRIES.

4. WHILE THIS RELATIONSHIP IS NOW 33 TO 1, THE US AND POLAND HAVE AGREED THAT TRANSITIONAL ARRANGEMENTS ARE APPROPRIATE TO PROTECT THE WELFARE OF US ANNUITANTS. THEREFORE, DOLLAR CHECKS DATED AFTER JULY 1, 1975 (INCLUDING JUNE 1975 BENEFITS PAID IN JULY 1975) MAY BE EXCHANGED AT PKO BANKS FOR 20 PERCENT IN PKO COUPONS AND 80 PERCENT IN ZLOTYS AT THE FOLLOWING MINIMUM ZLOTY-DOLLAR RELATIONSHIPS:

55:1 FOR CHECKS DATED JULY 1 THROUGH DECEMBER 31, 1975;
50:1 FOR CHECKS DATED JANUARY 1, 1976 THROUGH JUNE 30, 1976, AND
45:1 FOR CHECKS DATED JULY 1, 1976, THROUGH DECEMBER 31, 1977.

5. SOCIAL SECURITY CHECKS DATED IN JULY 1975 WILL INCLUDE AN INCREASE IN THE DOLLAR AMOUNT, BASED ON THE COST OF LIVING IN THE US; THEREFORE, THERE WILL BE LITTLE CHANGE IN THE ZLOTY AMOUNT REALIZED FROM CONVERSION OF THESE JULY CHECKS UNDER THE NEW RELATIONSHIP (55:1) FROM THE AMOUNT REALIZED FROM CONVERSION OF JUNE CHECKS UNDER THE PRESENT RELATIONSHIP (60:1).

6. BEGINNING JANUARY 1, 1978, THE ENTIRE DOLLAR CHECK MAY BE CONVERTED AT OFFICES OF THE POLISH SOCIAL SECURITY ENTERPRISE AT A RATE DETERMINED BY THE GOVERNMENT OF POLAND, BUT WHICH SHALL BE NO LOWER THAN THE MOST FAVORABLE RATE AVAILABLE TO ANY ANNUITANT OF ANY THIRD COUNTRY. IN ADDITION, US ANNUITANTS AS OF THAT DATE WILL BE ENTITLED TO FREE MEDICAL CARE ON THE SAME BASIS AS POLISH AND OTHER FOREIGN ANNUITANTS RESIDING IN POLAND, AND SOCIAL BENEFITS ON THE SAME BASIS AS OTHER FOREIGN ANNUITANTS RESIDING IN POLAND. END QUOTE.

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7. DEPARTMENT IS HAVING OFFICIAL TRANSLATION PREPARED BY LANGUAGE SERVICES, AND IS INVESTIGATING POSSIBILITY OF HAVING NOTICE INSERTED IN MAY ANNUITY CHECKS BEFORE LEAVING WASHINGTON. EMBASSY WILL BE ADVISED SHORTLY IF THIS POSSIBLE. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PL 480, COMMODITIES, AGREEMENTS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: SmithRJ
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE116902
Document Source: CORE
Document Unique ID: 00
Drafter: MTMINNIES:JB
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750176-0637
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750538/aaaabhzb.tel
Line Count: 113
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: SmithRJ
Review Comment: n/a
Review Content Flags:
Review Date: 09 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 JUN 2003 by izenbei0>; APPROVED <20 OCT 2003 by SmithRJ>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: L 480/ANNUITY NEGOTIATIONS
TAGS: EFIN
To: WARSAW
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006